PROVINCE OF SASKATCHEWAN

11-12

ANNUAL REPORT

MINISTRY OF AGRICULTURE

Agricultural Stabilization Fund

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This annual report is also available in electronic format from the Ministry's website at **www.agriculture.gov.sk.ca**.

Letters of Transmittal

June 28, 2012

Her Honour the Honourable Vaughn Solomon Schofield, S.O.M., S.O.V.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the pleasure to submit to your Honour the Annual Report of the Saskatchewan Agricultural Stabilization Fund for the year ending March 31, 2012.

Respectfully submitted,

Lyle Stewart
Minister of Agriculture

Letters of Transmittal

June 28, 2012

The Honourable Lyle Stewart
Minister of Agriculture

Sir:

I wish to present to you the Annual Report of the Saskatchewan Agricultural Stabilization Fund for the 12 months ending March 31, 2012.

The Fund's annual report was prepared under my direction in accordance with the Government's Accountability Framework and its system of planning, measuring and reporting. All key actions, and associated economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Respectfully submitted,

Alanna Koch
Deputy Minister of Agriculture

The Saskatchewan Agricultural Stabilization Fund

The Fund is established under the *Farm Financial Stability Act.*

The purpose of the Fund is to administer those programs established under the Act, which enhance or stabilize the incomes of Saskatchewan farmers or the returns from commodities produced by Saskatchewan farmers.

The Fund administers each program that is set up under it by establishing a separate account, which receives funding from the provincial and federal governments and pays out these funds according to the specific program regulations.

The Fund operates the following 10 accounts which are established by the regulations noted:

- Wildlife Damage Compensation Program Account – *The Wildlife Damage and Livestock Predation Regulations.*
- New Crops Insurance Account – *The New Crops Insurance Program Regulations*
- The Canada-Saskatchewan Excess Moisture Program (CSEMP) – *The Excess Moisture Program Regulations, 2011*
- The Agricultural Income Disaster Assistance and Canadian Farm Income Program Account – *The AIDA and CFIP Program Regulations*
- The Specified Risk Material Management (SRM) Program – *The Canada-Saskatchewan Specified Risk Material Management Program Regulations*
- The Saskatchewan Feed and Forage Program 2010 – *The Saskatchewan Feed and Forage Program Regulations*
- The Saskatchewan Feed and Forage Program 2011 – *The 2011 Saskatchewan Feed and Forage Program Regulations*
- The Farm and Ranch Water Infrastructure Program (FRWIP) – *The Farm and Ranch Water Infrastructure Program Regulations*
- The 2009 Farm and Ranch Water Infrastructure Program (FRWIP 2009) – *The 2009 Farm and Ranch Water Infrastructure Program Regulations*
- The Canada-Saskatchewan Pasture Recovery Initiative (CSPRI) – *The Canada-Saskatchewan Pasture Recovery Initiative Regulations*

Wildlife Damage Compensation and Livestock Predation Prevention Program

The Wildlife Damage Compensation and Livestock Predation Prevention Program is administered by the Saskatchewan Crop Insurance Corporation (SCIC) under Growing Forward on behalf of the federal and provincial governments. This program consists of three components: crop damage compensation, predation compensation and prevention.

Under this program, compensation is provided for crop damage caused by any wild animal, including ducks, geese, sandhill cranes, white-tailed and mule deer, antelope, elk, bison, moose, bear and most recently wild boar, beavers and blackbirds. Producers are eligible for 100 per cent compensation on claims $150 and over. Payments are based on the grade at the time of harvest, reflecting the value of the damaged crop; protein adjustments and malting status are not included in determining compensation amounts.

In 2010, compensation also became available for wildlife damage to crops and feed used for swath, bale and corn grazing. The previous compensation limit of $5,200 was also removed for wildlife damage to stacked feed in a yard site.

SCIC began administering predation compensation in 2010. The program now provides 100 per cent compensation for the death of livestock or poultry due to predation and up to 80 per cent of the animal's value to cover veterinary costs of an injured animal. Compensation will be determined based on market prices.

Funding for crop and predation losses is cost shared 60 per cent by the federal government and 40 per cent by the provincial government up to the 80 per cent compensation level; the provincial government contributes the additional 20 per cent.

Prevention measures to reduce crop and predation losses are also now funded under this program. Available prevention measures include predation specialists, lure crops, waterfowl feeding stations, scare cannons and compensation for guard dogs and fencing.

There are no premiums paid by producers and all Saskatchewan producers are eligible for compensation. Producers do not need to be Crop Insurance contract holders.

Though the former waterfowl and big game programs were combined under a single wildlife program in 2007, the compensation for each type of loss is reported separately.

Wildlife Compensation Program Summary

FISCAL YEAR	Waterfowl Claims	Waterfowl Compensation Paid	Big Game Claims	Big Game Compensation Paid	Predation Claims	Predation Compensation Paid
78-79	1,586	$ 1,836,587				
79-80	908	$ 977,476				
80-81	1,233	$ 1,465,480				
81-82	305	$ 312,061				
82-83	582	$ 684,593				
83-84	541	$ 869,910				
84-85	408	$ 763,530				
85-86	2,544	$ 6,389,022				
86-87	2,950	$ 6,658,769				
87-88	1,210	$ 1,779,933				
88-89	807	$ 1,337,903				
89-90	1,384	$ 3,727,130				
90-91	760	$ 2,138,380				
91-92	392	$ 683,391				
92-93	2,040	$ 5,557,642				
93-94	1,560	$ 3,603,156				
94-95	1,668	$ 1,778,556				
95-96	709	$ 1,352,767				
96-97	2,416	$ 7,951,921				
97-98	1,077	$ 4,361,668	1,671	$ 6,412,426		
98-99	298	$ 520,360	264	$ 529,955		
99-00	1,600	$ 4,309,428	400	$ 893,760		
00-01	1,132	$ 2,559,440	383	$ 968,948		
01-02	164	$ 233,093	612	$ 1,306,835		
02-03	781	$ 2,368,893	393	$ 1,164,098		
03-04	1,028	$ 5,202,721	2,789	$10,366,683		
04-05	1,654	$ 5,028,034	813	$ 1,594,932		
05-06	1,601	$ 4,843,872	1,595	$ 3,567,641		
06-07	1,119	$ 4,055,209	1,588	$ 3,890,262		
07-08	1,458	$ 7,696,618	1,294	$ 3,721,846		
08-09	713	$ 2,159,830	927	$ 2,351,247		
09-10	1,129	$ 4,154,806	1,235	$ 3,618,716		
10-11	1,307	$10,423,387	1,401	$ 5,318,029	3,508	$ 1,489,132
11-12	364	$ 1,523,552	1,457	$ 4,003,366	2,205	$ 1,268,279
TOTAL	**39,428**	**$109,309,118**	**16,822**	**$49,708,744**	**5,713**	**$ 2,757,411**
Average	**1,160**	**$ 3,214,974**	**1,121**	**$ 3,313,916**	**2,857**	**$ 1,378,705**
Five-year Average	**994**	**$ 5,161,639**	**1,263**	**$ 3,802,641**	**n/a**	**n/a**

New Crops Insurance Program

The New Crops Insurance Program was discontinued in 2010-11. New crops are now covered under the existing reinsurance provisions of the Crop Insurance Program. The funds remaining in the New Crops Insurance Program Account were transferred to the Wildlife Damage Compensation Account. The New Crops Insurance Program Regulations have been repealed.

The Canada-Saskatchewan Excess Moisture Program (CSEMP)

The CSEMP provided $30 per eligible acre to Saskatchewan producers who had land too wet to seed as of June 20, 2011, or had a seeded crop lost because of flooding on or before July 31, 2011. The program was administered by the Saskatchewan Crop Insurance Corporation and was cost shared 60 per cent by the federal government and 40 per cent by the provincial government under the AgriRecovery Program. There were 20,241 claims registered through the CSEMP in 2011-12, with the program providing a total of $235.2 million in compensation.

Canadian Farm Income Program (CFIP)

The CFIP has been finalized and all liabilities in the Fund attributable to the program are settled. The funds remaining in the CFIP Account were returned to the General Revenue Fund in 2010-11.

Specified Risk Material Management Program (SRM)

The SRM Program provided funding to facilities affected by the enhanced feed ban for investment in one-time infrastructure development projects specifically related to SRM handling and disposal. The SRM has been finalized and all liabilities of the Fund attributable to the program are settled. The funds remaining in the SRM Account were returned to the General Revenue Fund and the federal government in 2011-12 in proportion to each government's contribution to the account.

Saskatchewan Feed and Forage Program 2010 (SFFP 2010)

The SFPP 2010 provided $30 per ton to producers who had to purchase additional winter feed for their livestock due to excess moisture. Assistance was also provided to help off-set costs of transporting the feed or moving livestock to alternate locations for feeding or grazing. In addition, the SFFP 2010 provided $30 per acre to producers to reseed hay, forage or pasture land damaged by excess moisture.

The SFFP 2010 was cost shared by the federal and provincial governments under the AgriRecovery Program.

Saskatchewan Feed and Forage Program 2011 (SFFP 2011)

The SFFP 2011 provided $12 per ton to producers who had to purchase additional winter feed for their livestock due to excess moisture. In addition, the SFFP 2011 provided $12 per acre to producers to reseed hay, forage or pasture land damaged by excess moisture.

The SFFP 2011 was administered and funded by the provincial government.

Farm and Ranch Water Infrastructure Program 2008 (FRWIP 2008)

The FRWIP 2008 provided funding to farmers, ranchers, Rural Municipalities (RMs) and Indian Bands in the designated drought region to develop secure water supplies to mitigate the effects of drought and encourage economic growth. Applicants had until December 31, 2010, to complete their projects and until January 31, 2011 to submit their claims. The funds remaining in the FRWIP 2008 Account were returned to the General Revenue Fund and the federal government in 2011-12 in proportion to each government's contribution to the account. The *Farm and Ranch Water Infrastructure Program Regulations* expire on March 31, 2013.

Farm and Ranch Water Infrastructure Program 2009 (FRWIP 2009)

The FRWIP 2009 provides funding to farmers, ranchers, Rural Municipalities (RMs) and Indian Bands province wide to develop secure water supplies to mitigate the effects of drought and encourage economic growth. There are three components to the program:

1) On-farm – funding for farmers and ranchers for well, pipeline and dugout projects (50 per cent of eligible costs)
2) Community Wells – funding for RMs and Indian Bands for community well projects (66.66 per cent of eligible costs)
3) Irrigation District Projects – funding for irrigation districts for infill development (90 per cent of eligible costs)

The program was announced on April 30, 2009. Applicants must complete their projects prior to March 15, 2013. During 2011-12, payments totaling $4.4 million were made on 550 projects.

Canada Saskatchewan Pasture Recovery Initiative (CSPRI)

CSPRI was announced May 31, 2010, and ended September 1, 2010, as a federal and provincial initiative under AgriRecovery. The purpose of the initiative was to provide resources to producers in affected areas to allow pastures to recover from the impacts of drought.

The funds remaining in the CSPRI Account were returned to the General Revenue Fund and the federal government in 2011-12 in proportion to each government's contribution to the account. The *Canada-Saskatchewan Pasture Recovery Initiative Regulations* expire and will be repealed on December 31, 2013.

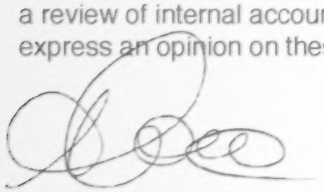
Management's Responsibility for the Financial Statements

The accompanying financial statements of the Saskatchewan Agricultural Stabilization Fund (The Fund) have been prepared by management in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments where appropriate.

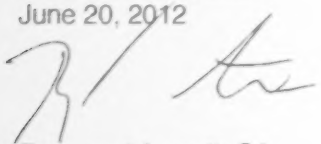
The Fund's management is responsible for the reliability and integrity of these financial statements and other information in this annual report. Financial information in the annual report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Fund's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.



Alanna Koch
Deputy Minister
Ministry of Agriculture
June 20, 2012



Raymond Arscott, CA
Executive Director
Corporate Services Branch
Ministry of Agriculture
June 20, 2012

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INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly Province of Saskatchewan

We have audited the accompanying financial statements of Saskatchewan Agriculture Stabilization Fund (SASF), which comprise the statement of financial position as at March 31, 2012 and the statements of operations and change in net financial assets and cash flows for the year ended March 31, 2012 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Agriculture Stabilization Fund as at March 31, 2012 and the results of its operations and changes in its net financial assets and its cash flows for the year ended March 31, 2012 in accordance with Canadian public sector accounting standards.

KPMG LLP
Chartered Accountants

Regina, Canada
June 20, 2012

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KPMG Canada provides services to KPMG LLP.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		Canada - Saskatchewan Excess Moisture Program	
	2012	2011	2012	2011	2012	2011
FINANCIAL ASSETS						
Cash (Bank overdraft)	$ 300,422	$ 315,159	$ -	$ -	$ 1,303,461	$ -
Investments	5,800,000	6,600,000	-	-	-	-
Due from the Saskatchewan Crop Insurance Corporation	-	-	-	-	-	15,242
Due from Province of Saskatchewan						
- General Revenue Fund (note 3)	218,012	1,159,959	-	-	-	1,053,736
Due from Government of Canada	254,920	1,642,536	-	-	589,260	-
Accrued interest and other receivables	8,099	-	-	-	65,770	65,903
	$ 6,581,453	$ 9,717,654	$ -	$ -	$ 1,958,491	$ 1,134,881
LIABILITIES						
Accounts payable and accrued liabilities	$ 34,067	$ 55,330	$ -	$ -	$ 55,290	$ -
Indemnities payable	379,976	3,206,342	-	-	116,357	-
Grants payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to the Saskatchewan Crop Insurance Corporation	327,435	39,216	-	-	229	-
Due to Province of Saskatchewan - GRF	-	-	-	-	1,786,615	-
Due to Government of Canada	-	-	-	-	-	-
	741,478	3,300,888	-	-	1,958,491	-
NET FINANCIAL ASSETS	$ 5,839,975	$ 6,416,766	$ -	$ -	$ -	$ 1,134,881

See accompanying notes to financial statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	The Farm and Ranch Water Infrastructure Program 2008		AIDA CFIP Program		Saskatchewan Feed & Forage Program 2010	
	2012	2011	2012	2011	2012	2011
FINANCIAL ASSETS						
Cash (Bank overdraft)	$ (189,645)	$ (428,778)	$ -	$ -	$ (46,798)	$ -
Investments	-	-	-	-	-	-
Due from the Saskatchewan Crop Insurance Corporation	-	-	-	-	-	-
Due from Province of Saskatchewan						
- General Revenue Fund (note 3)	189,645	-	-	-	29,210	-
Due from Government of Canada	-	4,797,805	-	-	17,588	-
Accrued interest and other receivables	-	-	-	-	-	-
	$ -	$ 4,369,027	$ -	$ -	$ -	$ -
LIABILITIES						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -	$ -
Indemnities payable	-	-	-	-	-	-
Grants payable	-	179,167	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to the Saskatchewan Crop Insurance Corporation	-	-	-	-	-	-
Due to Province of Saskatchewan - GRF	-	4,189,860	-	-	-	-
Due to Government of Canada	-	-	-	-	-	-
	-	4,369,027	-	-	-	-
NET FINANCIAL ASSETS	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to financial statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	Saskatchewan Feed & Forage Program 2011		The Farm and Ranch Water Infrastructure Program 2009		Specified Risk Material Management Program	
	2012	2011	2012	2011	2012	2011
FINANCIAL ASSETS						
Cash (Bank overdraft)	$ (159,906)	$ -	$ 15,176,241	$ 14,607,182	$ 8,230	$ 878,625
Investments	-	-	-	-	-	-
Due from the Saskatchewan Crop Insurance Corporation	-	-	-	-	-	-
Due from Province of Saskatchewan						
- General Revenue Fund (note 3)	2,659,906	-	-	170,408	-	-
Due from Government of Canada	-	-	170,408	-	-	489,233
Accrued interest and other receivables	-	-	-	-	-	-
	$ 2,500,000	$ -	$ 15,346,649	$ 14,777,590	$ 8,230	$ 1,367,858
LIABILITIES						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -	$ 1,214,817
Indemnities payable	-	-	-	-	-	-
Grants payable	2,500,000	-	1,380,000	277,590	-	-
Deferred revenue	-	-	173,831	-	-	-
Due to the Saskatchewan Crop Insurance Corporation	-	-	-	-	-	-
Due to Province of Saskatchewan - GRF	-	-	-	-	-	-
Due to Government of Canada	-	-	-	-	8,230	-
	2,500,000	-	1,553,831	277,590	8,230	1,214,817
NET FINANCIAL ASSETS	$ -	$ -	$ 13,792,818	$ 14,500,000	$ -	$ 153,041

See accompanying notes to financial statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	Canada-Saskatchewan Pasture Recovery Initiative		Total	
	2012	2011	2012	2011
FINANCIAL ASSETS				
Cash (Bank overdraft)	$ 109,171	$ (625,779)	$ 16,501,176	$ 14,746,409
Investments	-	-	5,800,000	6,600,000
Due from the Saskatchewan Crop Insurance Corporation	-	-	-	15,242
Due from Province of Saskatchewan				
- General Revenue Fund (note 3)	-	-	3,096,773	2,384,103
Due from Government of Canada	-	626,054	1,032,176	7,555,628
Accrued interest and other receivables	-	-	73,869	65,903
	$ 109,171	$ 275	$ 26,503,994	$ 31,367,285
LIABILITIES				
Accounts payable and accrued liabilities	$ -	$ -	$ 89,357	$ 1,270,147
Indemnities payable	-	-	496,333	3,206,342
Grants payable	-	-	3,880,000	456,757
Deferred revenue		-	173,831	-
Due to the Saskatchewan Crop Insurance				
Corporation	-	-	327,664	39,216
Due to Province of Saskatchewan - GRF	-	275	1,786,615	4,190,135
Due to Government of Canada	109,171	-	117,401	-
	109,171	275	6,871,201	9,162,597
NET FINANCIAL ASSETS	$ -	$ -	$ 19,632,793	$ 22,204,688

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the year ended March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		Canada Saskatchewan Excess Moisture Program	
	2012	2011	2012	2011	2012	2011
Revenue						
Interest income	$ 79,706	$ 24,757	$ -	$ 6,299	$ 81,455	$ 151,572
Province of Saskatchewan						
- General Revenue Fund grant programs	2,051,381	9,662,712	-	-	94,213,385	101,600,000
Government of Canada	1,893,490	8,596,348	-	-	141,320,078	152,400,000
	4,024,577	18,283,817	-	6,299	235,614,918	254,151,572
Expenses						
Indemnities	3,947,567	17,909,739	-	-	-	-
Administration	653,801	505,210	-	-	387,986	653,661
Grants to producers	-	-	-	-	235,381,763	252,363,030
Transfers to the Government of Canada	-	-	-	-	588,030	-
Transfers to the Province of Saskatchewan - GRF	-	-	-	-	392,020	-
	4,601,368	18,414,949	-	-	236,749,799	253,016,691
Excess (deficiency) of revenue over expenses for the year	(576,791)	(131,132)	-	6,299	(1,134,881)	1,134,881
Net financial assets, beginning of year	6,416,766	-	-	6,541,599	1,134,881	-
Transfers between programs	-	6,547,898	-	(6,547,898)	-	-
Net financial assets, end of year	$ 5,839,975	$ 6,416,766	$ -	$ -	$ -	$ 1,134,881

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the year ended March 31

	The Farm and Ranch Water Infrastructure Program 2008		AIDA CFIP Program		Saskatchewan Feed & Forage Program 2010	
	2012	2011	2012	2011	2012	2011
Revenue						
Interest income	$ -	$ -	$ -	$ -	$ -	$ -
Province of Saskatchewan						
- General Revenue Fund grant programs	-	-	-	-	3,529,210	-
Government of Canada	(53,047)	5,602,624	-	-	2,367,131	-
	(53,047)	5,602,624	-	-	5,896,341	-
Expenses						
Indemnities	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Grants to producers	9,013	6,176,187	-	-	5,896,341	-
Transfers to the Government of Canada	-	-	-	-	-	-
Transfers to the Province of Saskatchewan - GRF	(62,060)	4,088,352	-	296	-	-
	(53,047)	10,264,539	-	296	5,896,341	-
Excess (deficiency) of revenue over expenses for the year	-	(4,661,915)	-	(296)	-	-
Net financial assets, beginning of year	-	4,661,915	-	296	-	-
Transfers between programs	-	-			-	-
Net financial assets, end of year	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the year ended March 31

	Saskatchewan Feed & Forage Program 2011		The Farm and Ranch Water Infrastructure Program 2009		Specified Risk Material Management Program	
	2012	2011	2012	2011	2012	2011
Revenue						
Interest income	$ -	$ -	$ -	$ -	$ -	$ -
Province of Saskatchewan						
- General Revenue Fund grant programs	2,659,906	-	-	5,000,000	-	-
Government of Canada	-	-	3,721,122	4,095,156	-	4,064
	2,659,906	-	3,721,122	9,095,156	-	4,064
Expenses						
Indemnities	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Grants to producers	2,659,906	-	4,428,304	4,095,156	-	4,028,989
Transfers to the Government of Canada	-	-	-	-	8,230	-
Transfers to the Province of Saskatchewan - GRF	-	-	-	-	144,811	-
	2,659,906	-	4,428,304	4,095,156	153,041	4,028,989
Excess (deficiency) of revenue over expenses for the year	-	-	(707,182)	5,000,000	(153,041)	(4,024,925)
Net financial assets, beginning of year	-	-	14,500,000	9,500,000	153,041	4,177,966
Transfers between programs	-	-	-	-	-	-
Net financial assets, end of year	$ -	$ -	$ 13,792,818	$ 14,500,000	$ -	$ 153,041

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the year ended March 31

	Canada Saskatchewan Pasture Recovery Initiative		Total	
	2012	2011	2012	2011
Revenue				
Interest income	$ -	$ -	$ 161,161	$ 182,628
Province of Saskatchewan		-		
- General Revenue Fund grant programs	-	6,750,703	102,453,882	123,013,415
Government of Canada	109,171	10,126,054	149,357,945	180,824,246
	109,171	16,876,757	251,972,988	304,020,289
Expenses				
Indemnities	-	-	3,947,567	17,909,739
Administration	-	-	1,041,787	1,158,871
Grants to producers	-	16,876,757	248,375,327	283,540,119
Transfers to the Government of Canada	109,171	-	705,431	-
Transfers to the Province of Saskatchewan - GRF	-	-	474,771	4,088,648
	109,171	16,876,757	254,544,883	306,697,377
Excess (deficiency) of revenue over expenses for the year	-	-	(2,571,895)	(2,677,088)
Net financial assets, beginning of year	-	-	22,204,688	24,881,776
Transfers between programs	-	-	-	-
Net financial assets, end of year	$ -	$ -	$ 19,632,793	$ 22,204,688

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the year ended March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		Canada - Saskatchewan Excess Moisture Program	
	2012	2011	2012	2011	2012	2011
Cash flows from (used in) operating activities:						
Cash receipts from the Government of Canada	$ 3,281,106	$ 8,372,860	$ -	$ -	$ 140,730,818	$ 152,400,000
Cash receipts from the General Revenue Fund	2,993,328	9,399,998	-	-	96,000,000	101,600,000
Increase in funds held by the General Revenue Fund	(941,947)	262,714	-	-	-	-
Interest received	71,607	64,431	-	10,490	81,588	85,669
Cash paid to the Government of Canada	-	-	-	-	(588,030)	-
Cash paid to the Government of Saskatchewan	-	-	-	-	(392,020)	-
Cash received from (paid to) Saskatchewan Crop Insurance Corporation	288,219	(62,505)	-	-	15,471	(15,242)
Cash paid for administration	(653,801)	(505,210)	-	-	(387,986)	(653,661)
Cash paid to producers	(6,795,196)	(17,230,549)	-	-	(235,210,116)	(252,363,030)
Net increase (decrease) in cash and cash equivalents	(1,756,684)	301,739	-	10,490	249,725	1,053,736
Cash and cash equivalents at beginning of year	8,075,118	1,225,481	-	6,537,408	1,053,736	-
Transfers between programs	-	6,547,898	-	(6,547,898)	-	-
Cash and cash equivalents at end of year	$ 6,318,434	$ 8,075,118	$ -	$ -	$ 1,303,461	$ 1,053,736
Cash and cash equivalents include:						
Cash (Bank overdraft)	$ 300,422	$ 315,159	$ -	$ -	$ 1,303,461	$ -
Investments	5,800,000	6,600,000	-	-	-	-
Due from the Province of Saskatchewan - General Revenue Fund	218,012	1,159,959	-	-	-	1,053,736
	$ 6,318,434	$ 8,075,118	$ -	$ -	$ 1,303,461	$ 1,053,736

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the year ended March 31

	The Farm and Ranch Water Infrastructure Program 2008		AIDA-CFIP Program		Saskatchewan Feed & Forage Program 2010	
	2012	2011	2012	2011	2012	2011
Cash flows from (used in) operating activities:						
Cash receipts from the Government of Canada	$ 4,744,759	$ 1,491,882	$ -	$ -	$ 2,349,543	$ -
Cash receipts from the General Revenue Fund	189,645		-	-	3,529,210	-
Increase in funds held by the General Revenue Fund	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Cash paid to the Government of Canada	-	-	-	(2,669,852)	-	-
Cash paid to the Government of Saskatchewan	(4,317,445)	-	-	(296)	-	-
Cash received from (paid to) Saskatchewan Crop Insurance Corporation	-	-	-	-	-	-
Cash paid for administration	-	-	-	-	-	-
Cash paid to producers	(188,181)	(6,733,341)	-	-	(5,896,341)	-
Net increase (decrease) in cash and cash equivalents	428,778	(5,241,459)	-	(2,670,148)	(17,588)	-
Cash and cash equivalents at beginning of year	(428,778)	4,812,681	-	2,670,148	-	-
Transfers between programs	-	-	-	-	-	-
Cash and cash equivalents at end of year	$ -	$ (428,778)	$ -	$ -	$ (17,588)	$ -
Cash and cash equivalents include:						
Cash (Bank overdraft)	$ (189,645)	$ (428,778)	$ -	$ -	$ (46,798)	$ -
Investments	-	-	-	-	-	-
Due from the Province of Saskatchewan - General Revenue Fund	189,645	-	-	-	29,210	-
	$ -	$ (428,778)	$ -	$ -	$ (17,588)	$ -

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the year ended March 31

	Saskatchewan Feed & Forage Program 2011		The Farm and Ranch Water Infrastructure Program 2009		Specified Risk Material Management Program	
	2012	2011	2012	2011	2012	2011
Cash flows from (used in) operating activities:						
Cash receipts from the Government of Canada	$ -	$ -	$ 3,724,546	$ 4,095,156	$ 889,233	$ 6,166,660
Cash receipts from the General Revenue Fund	2,659,906	-	-	5,000,000	-	-
Increase in funds held by the General Revenue Fund	-	-	-	-	-	1,214,817
Interest received	-	-	-	-	-	-
Cash paid to the Government of Canada	-	-	-	-	-	-
Cash paid to the Government of Saskatchewan	-	-	-	-	(144,811)	-
Cash received from (paid to) Saskatchewan Crop Insurance Corporation	-	-	-	-	-	-
Cash paid for administration	-	-	-	-	-	-
Cash paid to producers	(159,906)	-	(3,325,895)	(4,576,009)	(1,214,817)	(10,125,979)
Net increase (decrease) in cash and cash equivalents	2,500,000	-	398,651	4,519,147	(870,395)	(2,744,502)
Cash and cash equivalents at beginning of year	-	-	14,777,590	10,258,443	878,625	3,623,127
Transfers between programs	-	-	-	-	-	-
Cash and cash equivalents at end of year	$ 2,500,000	$ -	$ 15,176,241	$ 14,777,590	$ 8,230	$ 878,625
Cash and cash equivalents include:						
Cash (Bank overdraft)	$ (159,906)	$ -	$ 15,176,241	$ 14,607,182	$ 8,230	$ 878,625
Investments	-	-	-	-	-	-
Due from the Province of Saskatchewan - General Revenue Fund	2,659,906	-	-	170,408	-	-
	$ 2,500,000	$ -	$ 15,176,241	$ 14,777,590	$ 8,230	$ 878,625

See accompanying notes to financial statements.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the year ended March 31

	Canada-Saskatchewan Pasture Recovery Initiative		Total	
	2012	2011	2012	2011
Cash flows from (used in) operating activities:				
Cash receipts from the Government of Canada	$ 734,950	$ 9,500,000	$ 156,054,955	$ 182,026,558
Cash receipts from the General Revenue Fund	-	6,751,203	105,372,089	122,751,201
Increase in funds held by the General Revenue Fund	-	-	(941,947)	1,477,531
Interest received	-	-	153,195	160,590
Cash paid to the Government of Canada	-	-	(588,030)	(2,669,852)
Cash paid to the Government of Saskatchewan	-	-	(4,854,276)	(296)
Cash received from (paid to) Saskatchewan Crop Insurance Corporation	-	-	303,690	(77,747)
Cash paid for administration	-	-	(3,041,787)	(3,158,871)
Cash paid to producers	-	(16,876,982)	(252,790,452)	(307,905,890)
Net increase (decrease) in cash and cash equivalents	734,950	(625,779)	1,667,437	(5,396,776)
Cash and cash equivalents at beginning of year	(625,779)	-	23,730,512	29,127,288
Transfers between programs	-	-	-	-
Cash and cash equivalents at end of year	$ 109,171	$ (625,779)	$ 25,397,949	$ 23,730,512
Cash and cash equivalents include:				
Cash (Bank overdraft)	$ 109,171	$ (625,779)	$ 16,501,176	$ 14,746,409
Investments	-	-	5,800,000	6,600,000
Due from the Province of Saskatchewan - General Revenue Fund	-	-	3,096,773	2,384,103
	$ 109,171	$ (625,779)	$ 25,397,949	$ 23,730,512

See accompanying notes to financial statements.

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2012

1.Status of the Fund

The Saskatchewan Agricultural Stabilization Fund (the Fund) was established under *The Farm Financial Stability Act* (the Act). The Fund only includes programs established under the Act where the Federal Government has agreed to participate.

The following programs exist within the Fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

Wildlife Damage Compensation Program:
The Wildlife Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation and is the successor program to the Big Game Damage Compensation and the Waterfowl Damage Compensation Programs, which were established in 1996-97 and 1997-98 fiscal years respectively, pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by big game and waterfowl.

Canada-Saskatchewan Excess Moisture Program: The Canada-Saskatchewan Excess Moisture Program is administered by the Saskatchewan Crop Insurance Corporation. Together, the federal and provincial government provided $30 per acre to Saskatchewan producers who had land too wet to seed as of June 20 or seeded crop lost because of flooding on or before July 31. The funding for this program comes from AgriRecovery, which is part of the federal-provincial Growing Forward Business Risk Management Suite.

Agricultural Income Disaster Assistance (AIDA) Program - Canadian Farm Income Program (CFIP):
The AIDA-CFIP Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and was administered by the Saskatchewan Ministry of Agriculture. The purpose of the program was to facilitate the participation of Saskatchewan in a federal-provincial initiative, administered by the Federal Government, to assist producers facing a serious decline in their profit margins due to circumstances beyond their control.

The AIDA and CFIP programs were virtually the same in program specifications, qualification parameters and administration. The AIDA program was in place for producers' 1998 and 1999 claim year. The CFIP program was in place for producers' 2000, 2001, and 2002 claim years. This program ceased operation in 2010. All financial assets were transferred to the General Revenue Fund.

Saskatchewan Feed and Forage Program 2011:
The Saskatchewan Feed and Forage Program 2011 (SFFP 2011) provides $12 per ton to producers who have to purchase additional winter feed for their livestock due to excess moisture. In addition, the SFFP 2011 provides $12 per acre to producers to reseed hay, forage or pasture land damaged by excess moisture.

The SFFP 2011 program is administered by the Saskatchewan Ministry of Agriculture and is funded by the Provincial Government.

Saskatchewan Feed and Forage Program 2010:
The Saskatchewan Feed and Forage Program 2010 (SFFP 2010) provides $30 per ton to producers who have to purchase additional winter feed for their livestock due to excess moisture. Assistance is also provided to help off-set costs of transporting the feed or moving livestock to alternate locations for feeding or grazing. In addition, the SFFP 2010 provides $30 per acre to producers to reseed hay, forage or pasture land damaged by excess moisture.

The SFFP 2010 program is administered by the Saskatchewan Ministry of Agriculture and is cost shared with the Federal Government under the AgriRecovery initiative.

Canada-Saskatchewan Specified Risk Material Management Program:
On June 26, 2006 the Canadian Food Inspection Agency (CFIA) announced enhancements to Canada's feed ban in an attempt to strengthen Canada's safeguards against the spread of BSE and to speed its eradication. The CFIA regulations require all Specified Risk Material (SRM) tissues to be removed and excluded from use in all animal feed, pet food, and fertilizer and disposed in a manner approved by the CFIA by July 12, 2007.

The Canada-Saskatchewan SRM Management Program provides funding to facilities affected by the enhanced feed ban for investment in one-time infrastructure development projects specifically related to SRM handling and disposal. The goal is to create viable environmentally safe disposal options across Saskatchewan to reduce the cost of industry adaptation to the new CFIA regulations.

The purpose of the program is to provide assistance payments to eligible applicants who develop the necessary infrastructure to remove, segregate, store, transport, dispose of or destroy specified risk material.

Farm and Ranch Water Infrastructure Program 2008:
The Farm and Ranch Water Infrastructure Program 2008 provides assistance to farmers, ranchers, rural municipalities and Indian Bands in designated drought areas of the province. The program covers emergency water supplies for short term demands, permanent on-farm water supplies, and the establishment of wells to serve communities over the long term. The intent of the program is to help lessen the impact of drought by providing a secure water source for farmers and ranchers. The program is administered by the Saskatchewan Ministry of Agriculture and is cost shared with the Federal Government.

Farm and Ranch Water Infrastructure Program 2009:
The Farm and Ranch Water Infrastructure Program 2009 provides assistance to develop water infrastructure across the entire province. The program covers on-farm water supplies and the establishment of wells to serve communities over the long term. The intent of the program

is to help lessen the impact of drought by providing a secure water source for farmers and ranchers. The program is administered by the Saskatchewan Ministry of Agriculture and is cost shared with the Federal Government.

Canada-Saskatchewan Pasture Recovery Initiative:
Under the 2010 Pasture Recovery Initiative, livestock producers living in the eligible municipal districts in West Central and Northwest Saskatchewan receive pasture assistance for breeding cattle, as well as assistance for other types of breeding livestock, subject to size of the eligible livestock.

The program will provide livestock producers in Saskatchewan facing two years of drought with funding from the federal and provincial governments to buy feed while damaged pastures recover.

In the event that these programs terminate, any remaining net financial assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.

Revenue Recognition:
Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses.

The Wildlife Damage Compensation program was funded at 80% coverage, cost shared 60% by the Federal Government and 40% by the Provincial Government. On February 19, 2009, coverage was increased to 100%, with the Provincial Government funding the additional 20%.

The New Crops Insurance program and Canada-Saskatchewan Excess Moisture Program were funded 60% by the Federal Government and 40% by the Provincial Government.

The Saskatchewan Feed and Forage Program 2010 is funded jointly by the Federal Government (to a maximum of $7 million) and the remaining funds are provided by the Provincial Government.

The Specified Risk Material Management program is funded 60% by the Federal Government (to a maximum of $11.0 million) and 40% by the Provincial Government (to a maximum of $7.3 million).

The Farm and Ranch Water Infrastructure Program 2008 is funded 60% by the Federal Government and 40% by the Provincial Government.

The Farm and Ranch Water Infrastructure Program 2009 is funded by the Federal Government and by the Provincial Government under the Growing Forward Framework Agreement.

The Canada- Saskatchewan Pasture Recovery Initiative is funded 60% by the Federal Government and 40% by the Provincial Government.

The amount recognized as revenue from the Federal Government is a percentage of the program eligible expenses.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria have been met. The return of grant money to the General Revenue Fund is recognized as an expense.

Use of Estimates:
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. The significant item subject to such estimates and assumptions is indemnities payable. Actual results could differ from those estimated.

Future Accounting Policy Changes:
All government transfers are required to be accounted for in accordance with Section 3410 Government Transfers for fiscal years beginning on or after April 1, 2012. The Fund is currently evaluating the potential impact on its financial statements.

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops Insurance Program bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty-day borrowing rate was 1.05% (2010 – 0.80%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

Interest is earned on the Wildlife Damage Compensation Program funds at Prime less 3% to a minimum of 0.5%. Interest is earned on the Canada-Saskatchewan Excess Moisture Program funds at 0.45% on balances exceeding $50 million, at 0.3% on balances between $10 million and $50 million, and at 0% on balances under $10 million.

The AIDA-CFIP Program funds, the Specified Risk Material Management Program funds, the Farm and Ranch Water Infrastructure Program funds and the Pasture Recovery Initiative funds are deposited in the General

Revenue Fund. Interest is not paid on these accounts.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Planned results

	Budget 2011-12 ($000)	Actual 2011-12 ($000)	Actual 2010-11 ($000)
Revenue			
New Crops Insurance	$ ---	$ ---	$ 6
Wildlife Damage Compensation	11,800	4,025	18,284
Canada-Sask. Excess Moisture Program	---	235,615	254,152
Saskatchewan Feed and Forage Program 2010	---	5,896	---
Saskatchewan Feed and Forage Program 2011	---	2,660	---
Specified Risk Material Management	---	---	4
Farm and Ranch Water Infrastructure 2008	---	(53)	5,603
Farm and Ranch Water Infrastructure 2009	8,000	3,721	9,095
Canada-Sask. Pasture Recovery Initiative	---	109	16,877
Expenses			
New Crops Insurance	---	---	---
Wildlife Crop Damage Compensation	11,800	4,601	18,415
Canada-Sask. Excess Moisture Program	---	236,750	253,017
Saskatchewan Feed and Forage Program 2010	---	5,896	---
Saskatchewan Feed and Forage Program 2011	---	2,660	---
Specified Risk Material Management	---	153	4,029
Farm and Ranch Water Infrastructure 2008	---	(53)	10,265
Farm and Ranch Water Infrastructure 2009	8,000	4,428	4,095
Canada-Sask. Pasture Recovery Initiative	---	109	16,877

5. Fair value of financial assets and financial liabilities

The carrying amounts of all financial assets and financial liabilities approximate their fair value due to their short-term nature.

6. Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Wildlife Damage Compensation, New Crops Insurance and Canada- Saskatchewan Excess Moisture programs.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established Government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various ministry appropriations and, therefore, no provision for such costs is reflected in these financial statements.

7. Commitments

Under the FRWIP programs the Fund has committed at March 31, 2012 to provide assistance to producers for projects to develop water infrastructure totalling $13,011,000. $1,380,000 of which has been reflected in these financial statements.